

Macquarie Group Limited
ABN 94 122 169 279

No.1 Martin Place
Sydney NSW 2000
GPO Box 4294
Sydney NSW 1164
AUSTRALIA

Telephone (61 2) 8232 3333
Facsimile (61 2) 8232 7780



ASX/Media Release

MACQUARIE AGM AND 1st QTR UPDATE

SYDNEY, 30 July 2010 – Macquarie Group Limited Managing Director and Chief Executive Officer Nicholas Moore said today that earnings in the June 2010 quarter were slightly ahead of a subdued June 2009 quarter.

Speaking ahead of Macquarie's 2010 annual general meeting, Mr Moore said a lowering in confidence levels across all markets has meant that the global investment banking fee pool, which includes debt capital markets, equity capital markets, and mergers and acquisitions, was the lowest June quarter global investment banking fee pool since 2004¹.

Weak global market conditions caused Macquarie Securities, Macquarie Capital and Fixed Income, Currencies and Commodities to all make lower contributions to the June 2010 quarter result compared to the prior corresponding period (pcp). Corporate and Asset Finance, Macquarie Funds Group and Banking and Financial Services all made higher contributions to June 2010 quarter earnings as a result of the successful implementation of initiatives undertaken over the last 12 to 18 months, he said.

While there were no significant one-off items during the June quarter, high levels of cash continue to impact current earnings, Mr Moore said.

Assets under management increased to \$A343 billion at 30 June 2010 from \$A326 billion at 31 March 2010 primarily due to foreign exchange movements since March 2010.

Mr Moore said Macquarie's funded balance sheet remains strong with cash and liquid assets of \$A29 billion, on a proforma basis, including funds from the Macquarie Cash

¹ Source: Dealogic

Management Trust (\$A9.2 billion at 30 June 2010) which will convert to the Macquarie Cash Management Account on 31 July.

Group capital was \$A11.8 billion at 30 June 2010, a \$A3.1 billion buffer of capital in excess of the group's minimum regulatory capital requirements.

As foreshadowed, during the quarter, capital has been deployed across the Group to support business growth, particularly in lending and leasing such as the GMAC auto leasing portfolio and the ILFC aircraft leasing portfolio.

Capital ratios in the banking group remain strong with Tier 1 at 10.3% and total capital at 11.5%.

Outlook

"As foreshadowed, uncertain market conditions make short-term forecasting very difficult," Mr Moore said.

"These market conditions are significantly impacting activity levels in Macquarie Securities, Macquarie Capital and Fixed Income, Currencies and Commodities. Accordingly, unless the market conditions experienced in the June 2010 quarter improve, we do not expect these groups to meet FY10 results in FY11.

"The full year performances of Corporate and Asset Finance, Macquarie Funds, and Banking and Financial Services are expected to exceed FY10," he said.

Overall, the Group result is expected to have fewer one-off items than FY10. The FY11 result continues to be impacted by the cost of our conservative approach to funding and capital.

Highlights from the address of Macquarie Lead Independent Director Kevin McCann

Macquarie Lead Independent Director, Kevin McCann, said Macquarie performed positively in the stronger market conditions experienced over the year to March 2010, reporting profit after tax of \$A1.05 billion, which was an increase of 21% on the previous year, with all operating groups and divisions reporting improved results on the prior year.

However, he said while there had been a general improvement in market conditions and overall sentiment in the year to March 2010, in recent months the disruption stemming from Europe and concerns over the pace of recovery in the US economy, has resulted in increased uncertainty across most financial markets.